

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for HB 75 One-Stop Business Registration Portal

SPONSOR(S): Economic Development & Tourism Subcommittee

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Economic Development & Tourism Subcommittee		Collins	Duncan

SUMMARY ANALYSIS

In 2012, the Legislature directed the Department of Revenue (DOR) to establish and implement, by January 1, 2013, the One-Stop Business Registration Portal (One-Stop Portal), through a website, which provides individuals and businesses with a single point-of-entry into state government for completing and submitting documents required for transacting business in the state.

DOR is also required to provide an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives, which, among other things, includes a plan for expansion of the One-Stop Portal to allow individuals and businesses to submit applications through the portal for various licenses, registrations, or permits issued by local governments.

The Proposed Committee Substitute for HB 75 (PCS) amends s. 288.109, F.S., directing DOR to maintain a website dedicated to the publication of local tax, fee, and license data and information. The website must be incorporated into the One-Stop Portal. The PCS directs DOR to collect pertinent local tax, fee, and license data and information from available sources, and to request any data and information not readily available from appropriate local sources.

The PCS requires local governments to provide notice to DOR as soon as practicable of any change in the status of local government taxes, fees, licenses, permits, or other information prescribed within the PCS. Local governments may also provide to DOR a summary of a community's business advantages to be placed on the One-Stop Portal. Summaries, not to exceed 1,500 words, may include quality of life considerations that the local government considers favorable to business creation or expansion. The summary may also include a link to the local government's website.

The PCS has not been scored by the Revenue Estimating Conference.

The bill has an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

One-Stop Business Registration Portal

Currently, an individual desiring to start a business in Florida must interact with several state agencies to register for taxes, request a license or receive certain permits. These tasks include visits to multiple state agency websites which collect duplicative information data from the potential applicant. The state does not have a single point-of-entry where businesses can accomplish these tasks.

In 2012, the Legislature directed DOR to establish and implement, by January 1, 2013, the One-Stop Portal, through a website, which provides individuals and businesses with a single point-of-entry into state government for completing and submitting documents required for transacting business in the state.¹

The One-Stop Portal must allow individuals and businesses to:

- complete and submit applications for various licenses, registrations, or permits that must be issued by state agencies or departments to do business in the state;²
- file documents that must be submitted to state agencies or departments to transact business in the state;³ and
- remit payments for the various fees that must be paid to state agencies or departments to obtain licensure, registration, or permits.⁴

DOR is authorized to competitively procure and contract services to develop and maintain the One-Stop Portal.⁵ The Departments of Business and Professional Regulation, Economic Opportunity, Financial Services, Lottery, Management Services, and State are directed to cooperate with DOR in the development and implementation of the One-Stop Portal.⁶

In July 2013, e-Government Solutions, the original primary contractor selected on December 12, 2012, released a test version of the registration wizard for the One-Stop Portal which, after preliminary testing, was found to not meet the needs of the business community. To address this issue, a refined scope of work for this component was developed and finalized in late November 2013, along with a revised Phase I implementation date of June 2014. During the process of finalizing the refined scope of work, e-Government Solutions assigned its interest in the contract to BasicGov Systems, which was one of two subcontractors under the original contract (Salesforce.com was the other subcontractor). The primary contractor is now BasicGov Systems with Salesforce.com remaining a subcontractor on the project.⁷

During the 2014 legislative session, DOR advised BasicGov Systems to suspend all efforts related to the One-Stop Portal due to significant uncertainty regarding continued funding for the project. The Legislature appropriated \$837,150 in FY 2014-2015 for the project, with \$537,150 of those funds being placed in reserve.⁸ The Legislature directed DOR to use the remaining \$300,000 to contract with an independent third party consulting firm with experience in conducting independent verification and

¹ Chapter 2012-139, L.O.F. Section 288.109(1), F.S.

² Section 288.109(1)(a), F.S.

³ Section 288.109(1)(b), F.S.

⁴ Section 288.109(1)(c), F.S.

⁵ Section 288.109(3), F.S.

⁶ Section 288.109(4), F.S.

⁷ Florida Department of Revenue, *One-Stop Business Registration Portal Status Report*, p.1 (Dec. 31, 2014).

⁸ Specific Appropriation 3056, s. 6, Ch. 2014-51, L.O.F.

validation assessments of public sector information technology projects to complete a comprehensive assessment of the One-Stop Portal project.⁹ Additionally, the FY 2014-2015 General Appropriations Act reappropriated the unexpended balance of funds provided to DOR in the FY 2013-2014 General Appropriations Act, a total of \$1,193,279, to be held in reserve. Release of the funds is dependent on certain conditions being met. These conditions include the Legislative Budget Commission's approval of:¹⁰

- a detailed operational work plan;
- a project spending plan; and
- the cost of acquiring ongoing and independent verification and validation project support.

DOR, in collaboration with the Department of Business and Professional Regulation, selected Gartner, Inc., on June 27, 2014, to perform the independent assessment required by the Legislature. In November 2014, DOR provided the results of Gartner's assessment and its recommendations to the Governor, the Senate President, and the Speaker of the House of Representatives.¹¹

The Gartner report found that "the One-Stop project, as currently scoped and structured, would make it difficult to achieve the overall One-Stop vision and objectives..." The report also states that the state "has introduced a strong concept for a One-Stop, but may have been overzealous to implement, thus bypassing critical strategic planning steps." The report goes on to say that "...the project's strategic pause was timely and the State of Florida can be successful in implementing a successful One-Stop."¹²

It is Gartner's opinion that the One-Stop Portal can be successful through the implementation of some strategic adjustments.¹³ The report provides a number of recommendations for the state to consider.¹⁴

- Formalize and operationalize governance.
- Re-evaluate and confirm vision.
- Define high-level business requirements.
- Define potential solutions.
- Develop business case and select a solution.
- Revise the legislation.
- Refine project management, systems development life cycle, and implementation processes.
- Define the high-level conceptual design.
- Develop sourcing strategy.
- Consider independent project oversight.

DOR supports implementing the Gartner recommendations and also recommends implementing some of the Phase 1 functionality as a pilot project. DOR believes that the approach of deploying a pilot One-Stop Portal would deliver value to new businesses while the state engages in more strategic planning to build a more comprehensive portal. DOR is developing cost estimates and evaluating available resources for both proposals.¹⁵

Local Government Taxes, Fees, and Licenses

⁹ *Id.*

¹⁰ Section 63, Ch. 2014-14, L.O.F.

¹¹ Florida Department of Revenue, *One-Stop Business Registration Portal Status Report*, pg. 2 (Dec. 31, 2014)

¹² M. John Kastrinos, *Florida One-Stop Business Registration Portal Assessment and Recommendations Report*, Gartner, Inc., pgs. 1-2 (Oct. 28, 2014)

¹³ *Id.*, pg. 18

¹⁴ *Id.*, pg. 19

¹⁵ Florida Department of Revenue, *One-Stop Business Registration Portal Status Report*, pgs.3-4 (Dec. 31, 2014)

The Office of Program Policy Analysis and Government Accountability (OPPAGA), at the request of the Legislature, reviewed the alternatives and costs for collecting local tax, license, and fee information and making such information available to the public. The review evaluated the following issues:

- local tax and fee information currently published and available to the public through state entities;
- examples of Florida statewide initiatives to collect and make available similar or other types of business-related information and examples of similar efforts in other states;
- alternatives for collecting additional local tax and fee information and making it available to the public via a state entity; and
- issues related to requiring local government compliance with requests for additional tax and fee information.

The OPPAGA report, issued on December 16, 2013, found that state data sources are available, but vary widely in format and geographic unit. The report noted efforts conducted by DOR (One-Stop Portal), the Department of Environmental Protection, and the Department of Financial Services to provide online information regarding local taxes, license, and fees. Additionally, OPPAGA noted private sector efforts such as the Florida Virtual Entrepreneur Center, a free web portal created by the Florida High Tech Council designed to provide entrepreneurs access to information needed to start a business in 35 counties across the state. The report also found that information at the local level is fragmented and often difficult to find.¹⁶

The OPPAGA report recommended a number of options for providing businesses local tax, license, and fee information online.¹⁷

- Encourage local economic development organizations to create websites that provide businesses relevant tax, license, and fee information.
- Encourage local chambers of commerce to create websites that provide businesses relevant tax, license, and fee information.
- Require counties or cities to create websites that provide businesses relevant tax, license, and fee information.
- Require Enterprise Florida, Inc., to expand its existing “Regional and County Information” webpage to provide businesses relevant tax, license, and fee information.
- Require the Department of Economic Opportunity to expand its existing “Business Resources” webpage that provides businesses relevant tax, license, and fee information.
- Require the Department of Financial Services to modify the Local Government Electronic Reporting system (LOGGER) and mandate that local governments report tax rates, fee schedules, and other information relevant to businesses.
- Rely on DOR’s One-Stop Portal to provide businesses relevant tax, license, and fee information.

Effect of Proposed Changes

The PCS amends s. 288.109, F.S., to direct DOR to maintain a website, as part of the One-Stop Business Registration Portal (One-Stop Portal), dedicated to the publication of local government tax, fee and license information and data related to the establishment or expansion of a business. DOR is required to collect the information from any available sources, and to request any unavailable

¹⁶ Office of Program Policy Analysis and Government Accountability, *Availability of Local Tax, License, and Fee Information*, pgs. 7-8 (Dec. 16, 2013)

¹⁷ *Id.*, pgs. 10-11

information from the appropriate local government. Information and data to be included on the website include:

- Whether or not a local government is designated as, or either wholly or partially contained within an enterprise zone, a foreign trade zone, or a rural area of opportunity.
- Current ad valorem millage rates for all relevant taxing authorities, school districts, and special districts.
- The rate of any local proprietary fees¹⁸ levied by a local government.
- The rate of any regulatory fees¹⁹ levied by a local government.
- The rate of any special assessments²⁰ levied by a local government.
- The rate of any other fees or taxes authorized by the Legislature²¹ and collected by a local government.
- A complete schedule for local business taxes, the categories for which local business taxes are collected, any cost difference savings if more than one category of local business tax is required for the same business, and the average length of time for processing the applications.
- A completed schedule of any other fees or taxes related to the establishment or expansion of a business that may be imposed by a local government, and the average length of time for processing an application. Such fees or taxes include:
 - construction licensing fees;
 - impact fees;
 - water and sewer connection fees;
 - stormwater fees and permits;
 - sign ordinance requirements, permits, and fees;
 - tree and landscape ordinances, permits, and fees;
 - local licenses required to perform any construction or specialty trade;
 - a schedule of local fees charged for issuance of building or demolition permits; and
 - local fees charged for any other application for new developments.

The PCS requires local governments to provide notice to DOR as soon as practicable of any change in the status of any local government tax, fee, license, permit, or other factor described within the bill. Local governments may also provide to DOR a summary of a community's business advantages to be placed on the One-Stop Portal. Summaries, not to exceed 1,500 words, may include quality of life considerations that the local government considers favorable to business creation or expansion. The summary may also include a link to the local government's website.

B. SECTION DIRECTORY:

Section 1. Amends Section 288.109, F.S., directing the Department of Revenue to maintain a website dedicated to local government license, fee, and tax information as part of the One-Stop Business Registration Portal.

¹⁸ Examples include admissions fees, franchise fees, user fees, and utility fees.

¹⁹ Examples include building permit fees, impact fees, inspection fees, and stormwater fees.

²⁰ Examples include services associated with beach renourishment and restoration, downtown redevelopment, solid waste disposal, fire and rescue services, fire protection, parking, facilities, sewer improvements, stormwater management services, street improvements, and water and sewer line extensions.

²¹ Examples include alcoholic beverage license taxes, cardroom revenues, fuel taxes, insurance license taxes, vessel registration fees, oil, gas, and sulfur production taxes, highway safety fees (red light cameras), convention development taxes, green utility fees, local business taxes, local option food and beverage taxes, motor fuel and diesel fuel taxes, municipal pari-mutuel taxes, municipal parking facility space surcharges, municipal resort taxes, public services taxes, tourist development taxes, and tourist impact taxes.

Section 2. Provides an effective date of July 1, 2015.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The PCS has not been scored by the Revenue Estimating Conference.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The PCS may have a positive economic impact on businesses by allowing them to access local tax, fee, and license data and information in a timelier manner.

D. FISCAL COMMENTS:

The PCS has not been scored by the Revenue Estimating Conference.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to spend funds or take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenues in the aggregate, or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

Currently, DOR is authorized to adopt rules to implement the One-Stop Portal.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

